



COLORADO
Department of Transportation
Division of Transit & Rail
2829 W. Howard Pl. 4th Floor
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DATE: May 8, 2020
TO: Transit & Rail Advisory Committee
FROM: David Krutsinger, Director - Division of Transit & Rail
Sharon Terranova, Planning Unit Manager, Division of Transit & Rail
RE: SB 267 Transit

Purpose

The purpose of this memo is to involve TRAC in considering a “worst case” budget scenario for SB 267 Transit funds.

Action

Information for Discussion Only

Background

Senate Bill 17-267 (SB 267) offered the opportunity for up nearly \$1.9 Billion in debt issuance to finance transportation projects in the near term, and repay the debt over time. Of that amount, 10% is programmed for transit. Prior to COVID-19, the expectation was that transit projects would be funded at the level of \$192 Million. Based on the COVID-19 impacts on the state budget, a “worst case” budget scenario suggests that only \$92 Million (-\$100 Million reduction) would be available and that the project list would need to be curtailed to about 48% of the original.

Details

Senate Bill 17-267 provided the Colorado Department of Transportation (CDOT) the opportunity to issue debt, in the form of certificates of participation (COPs), also known as lease-purchase agreements, over four consecutive years. Year 1 (FY2018-19) expected to sell \$380 Million in COPs, with \$38 Million of that for transit. Year 1 sales accrued beneficial premium, and \$420 Million in COPs was sold, with \$42 Million available for transit. Each of the successive years expected to sell \$500 Million in COPs, with \$50 Million of that for Transit, for a four-year total of \$1.92 Billion, with \$192 Million for transit (\$42 + \$50 + \$50 + \$50). Year 2 (FY2019-20) had originally been expected to be issued in March 2020, but then COVID-19 hit. Current expectations are that Year 2 COPs will sell in late May 2020.

In SB 267, the State limited the maximum annual repayment amount to \$150 Million, with the first \$50 Million being paid by CDOT out of regular gas-tax and vehicle registration revenues. The debt was to be repaid over a maximum of 20 years. A subsequent bill, SB 19-263, relieved CDOT from paying the first \$50 Million, annually.

A “worst case” budget scenario would mean that none of the Year 3 or Year 4 COPs would be sold, and that CDOT would return to paying the first \$50 Million of the total annual debt payment. This would mean that the funding for transit is \$100 Million less than expected, \$92 Million, not \$192 Million. Projects or portions of projects previously programmed, would need to be cut to approximately 48% of the value of the original list.

Next Steps

May 15th Special TRAC Meeting (recommendation / action item)
May 21st Transportation Commission Meeting (recommendation / action item)

Attachments

1. Powerpoint presentation of the material in this memo
2. Updated table of project awards and approvals